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Commonwealth of Massachusetts.

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**SPECIAL REPORT**  
**OF THE**  
**INSURANCE COMMISSIONER.**

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*December, 1871.*

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# INSURANCE DEPARTMENT.

## SPECIAL REPORT.

### THE CHICAGO CALAMITY.

Some of the most intelligent estimates of loss by the recent conflagration at Chicago, reach an aggregate of not less than one hundred and fifty millions of dollars; while others claim a loss of two hundred millions and more. From information gathered upon the spot, and from careful investigation of all the insurance returns and numerous other data thus far accessible, our own estimate falls a little short of one hundred and forty millions, including merchandise and household goods, public and private buildings, and other miscellaneous property usually accumulated in a great and thriving city. Of the whole amount, more than eighty millions, or full sixty per cent., was insured, involving to a greater or less extent nearly two hundred and sixty Insurance Companies, or three-fourths of all the Insurance Companies doing business in the United States. At the date of this Report (December 8th), more than sixty of the Companies thus affected have been forced into absolute failure; while nearly as many more have been compelled to adopt measures for the immediate restoration of capital or assets, often impaired far beyond the minimum limit of solvency.

This startling condition of the insurance interests of the country, aggravated by consequent anxiety and distrust, demanded the earliest reliable information relative to the financial ability of all Companies involved in the disaster. To meet this

demand, the Commissioner promptly required from every such Company doing business in Massachusetts, a sworn statement of its gross *present* assets and liabilities, with a separate statement of its losses at Chicago. Of the whole number of Fire and Marine Companies authorized in Massachusetts, one hundred and five, more than half, were included in the list, twenty-three of them Home Companies. The total reported losses of these Companies foot up nearly twenty-five millions.

The publication of the results has been purposely delayed till now, in order to give ample time for investigation, as no official report would possess much value unless based upon the fullest and most accurate data. To the Department Circular issued October 12th, immediately after the fire, most of the Companies have now responded, some of them having made a second return revised from later information ; while a very few have been as yet unable to ascertain the precise extent of their losses. It is more than probable that losses already revised will be in many cases materially reduced by salvages and subsequent adjustments.

From the statements received, the following tabulations have been collated, the losses reported being in a few instances estimated as nearly as possible, in others based upon partial adjustments, and in some stated at the full amount insured. These results exhibit the condition of those Companies only which have been involved, no occasion existing for any further enumeration.

#### MASSACHUSETTS COMPANIES.

NAME OF COMPANY.	Gross Present Assets.	Gross Present Liabilities, including Chicago Loss.	Surplus as regards Policyholders.	Chicago Loss.
Bay State, . . . .	\$335,095	\$95,140	\$239,955	\$5,000
Boylston, . . . .	947,002	151,266	795,736	13,000
City, . . . .	420,531	43,715	376,816	15,000
Eliot, . . . .	730,553	122,496	608,056	12,500
First National, . .	173,117	69,854	103,262	2,500
Fireman's, . . . .	1,094,190	196,812	897,378	35,000
Franklin, . . . .	636,556	208,601	427,955	55,000

## MASSACHUSETTS COMPANIES—Continued.

NAME OF COMPANY.	Gross Present Assets.	Gross Present Liabilities, including Chicago Loss.	Surplus as regards Policy-holders.	Chicago Loss.
Howard, . . . .	\$407,025	\$81,269	\$325,755	\$27,500
Lawrence, . . . .	294,315	27,621	266,695	12,500
Manufacturers', . . . .	1,439,000	337,442	1,101,558	120,000
Merchants', . . . .	981,683	145,559	836,124	10,000
National, . . . .	900,000	665,635	234,365	400,000
Neptune, . . . .	974,162	291,989	682,173	60,000
North American, . . . .	643,894	100,685	543,210	10,000
People's, . . . .	950,000*	615,824	334,176*	300,000
Shoe & Leather Dealers', . . . .	488,058	120,191	367,867	25,000
Springfield F. & M., . . . .	1,402,000	787,220	614,780	450,000
Suffolk, . . . .	293,000	85,500	207,500	23,500
Tremont, . . . .	376,912	175,622	201,290	67,000
Washington, . . . .	1,046,314	261,953	784,361	25,000
Totals, . . . .	\$14,533,407	\$4,584,394	\$10,189,012	\$1,668,500

\* Not including November receipts, amounting to about \$100,000.

All these Companies are understood to be paying their losses in full, some of them having instituted prompt measures to increase their cash or guarantee funds where necessary to prevent possible deficit. The heaviest losers, the Manufacturers', the National, the People's, the Springfield Fire and Marine, and the Tremont, show percentages of loss amounting respectively to 8.34, 44.44, 31.58, 32.10, and 17.17 per cent.; yet their increased assets still indicate liberal ratios of surplus as regards their policy-holders, ranging respectively 326.43, 35.21, 54.27, 78.10 and 114.62 per cent. The surplus held by these and the remaining Companies, the latter sustaining smaller percentages of loss, sufficiently guarantees the security of all present risks. This is still further apparent in the aggregated summary of the whole twenty Companies, in which the average ratio of loss dwindles to 11.49 per cent.; while the surplus of assets rises to 222.25 per cent.—an exhibit, which, without invidious intent, may be regarded with some degree of local pride and satisfaction.



It is indeed fortunate, that only three Massachusetts Companies have been compelled to succumb to this, the greatest of all the great fires of history. One of them, the New England Mutual Marine, was taking rank as a veteran in the insurance field, having already filled an honorable record of thirty years. The other two, the Hide and Leather and the Independent, both just completing their fifth year, were also anticipating a successful career. These Companies go into liquidation with the following exhibit:—

	Gross Present Assets.	Gross Present Liabilities.	Chicago Losses.
Hide and Leather, . . . .	\$392,100	\$806,300	\$720,000
Independent, . . . .	494,342	1,495,014	1,052,000
New England Mutual Marine, .	930,151	1,203,272	950,000
Totals, . . . .	\$1,816,593	\$3,504,586	\$2,722,000

It will be seen that in each instance the losses at Chicago alone more than absorbed the entire assets, in one case, that of the Independent, the loss being more than double the assets of the Company, while its gross liabilities appear to have been more than three hundred per cent. in excess. It is expected that the affairs of each Company will be speedily settled, so that all claimants may receive their proportion with the least possible delay.

#### COMPANIES FROM OTHER STATES AND COUNTRIES.

Among the Companies from other States and countries doing business in this State, the following suffered losses at Chicago. The data herewith submitted were rendered in their returns to this Department, some of which have been revised by subsequently amended statements; while, in a few instances, the losses reported by others have been somewhat diminished in the processes of adjustment. Many of these Companies would therefore make a more favorable showing than at first, especially with their accessions from new business which has been large, and from assessments now in process of collection.

*Maine Companies.*

NAME OF COMPANY.	Gross Present Assets.	Gross Present Liabilities, including Chicago Loss.	Surplus as regards Policyholders.	Chicago Loss.
Eastern, . . . .	\$312,236	\$98,000	\$214,236	\$7,500
National, . . . .	417,798	219,629	198,169	36,000
Union, . . . .	427,722	169,017	258,705	5,000
Totals, . . . .	\$1,157,756	\$486,646	\$671,100	\$48,500

*Rhode Island Companies.*

Merchants', . . . .	\$357,909	\$125,792	\$232,117	\$10,000
Narragansett, . . . .	767,521	256,320	511,201	20,000
Totals, . . . .	\$1,125,430	\$382,112	\$743,318	\$30,000

*Connecticut Companies.*

Ætna, . . . .	\$6,050,000	\$4,975,000	\$1,075,000	\$3,000,000
Hartford, . . . .	3,052,235	2,491,574	560,661	1,500,000
Phœnix, . . . .	1,756,656	1,390,000	366,656	600,000
Totals, . . . .	\$10,858,891	\$8,856,574	\$2,002,317	\$5,100,000

*New York Companies.*

American Exchange, . . . .	\$280,887	\$85,500	\$195,387	\$58,000
Citizens', . . . .	711,417	179,180	532,237	35,000
Columbia, . . . .	468,595	68,785	399,810	3,400
Commerce, N. Y. City, . . . .	253,865	52,322	201,543	26,000
Commercial, . . . .	317,451	62,688	254,763	5,000
Continental, . . . .	2,847,307	2,136,655	710,652	1,200,000
Fireman's, . . . .	366,924	148,775	218,149	58,000
Germania, . . . .	1,181,206	554,701	626,505	233,328
Guardian, . . . .	286,984	82,108	204,876	45,000
Home, . . . .	4,813,561	3,805,540	1,008,021	2,139,213
International, . . . .	1,466,720	958,265	508,458	546,911
Merchants', . . . .	463,864	116,450	347,414	10,000

*Special Report of the**New York Companies—Continued.*

NAME OF COMPANY.	Gross Present Assets.	Gross Present Liabilities, including Chicago Loss.	Surplus as regards Policy-holders.	Chicago Loss.
Mercantile, . . .	\$294,336	\$153,571	\$140,765	\$112,000
Niagara, . . .	1,412,024	546,141	865,883	233,140
Phœnix, . . .	1,870,077	836,403	1,033,674	350,000
Republic, . . .	682,382	394,743	287,639	208,140
Tradesman's, . . .	403,044	128,135	274,909	30,000
Totals, . . .	\$18,120,644	\$10,309,962	\$7,810,685	\$5,293,132

*Pennsylvania Companies.*

Fame, . . .	\$218,348	\$35,000	\$183,348	\$5,000
Franklin, . . .	3,255,169	1,858,723	1,396,446	500,000
Ins. Co. of No. America,	3,262,308	1,781,000	1,481,308	550,000
Union Mutual, . .	256,940	101,000	155,940	22,000
Totals, . . .	\$6,992,765	\$3,775,723	\$3,217,042	\$1,077,000

*Ohio Companies.*

Home, . . .	\$665,479	\$442,000	\$223,479	\$300,000
Sun, . . .	334,000	230,000	104,000	170,000
Totals, . . .	\$999,479	\$672,000	\$327,479	\$470,000

*California Companies.*

Fireman's Fund, . .	\$682,211	\$499,687	\$182,524	\$350,000
Union, . . .	1,034,288	720,204	314,084	500,000
Totals, . . .	\$1,716,499	\$1,219,891	\$496,608	\$850,000
Grand Totals, . .	\$40,971,464	\$25,702,908	\$15,268,549	\$12,868,632

In addition to these Companies, some of the following have rendered only partial statements of present assets and liabilities ; others none ; but their published losses at Chicago are stated herewith. The foreign Companies are also included in this connection :—



COMPANIES.	Chicago Losses.
Alemannia, Cleveland, Ohio, . . . . .	\$175,000 00
Andes, Cincinnati, Ohio, . . . . .	850,000 00
Commerce, Albany, N. Y., . . . . .	400,000 00
Corn Exchange, New York City, . . . . .	55,000 00
Fireman's (Fire), New York City, . . . . .	15,000 00
Hanover, New York City, . . . . .	250,000 00
National, New York City, . . . . .	37,500 00
Relief, New York City, . . . . .	40,000 00
Commercial Union,* . . . . .	65,000 00
Imperial,* . . . . .	150,000 00
Liverpool and London and Globe,* . . . . .	3,500,000 00
North British and Mercantile,* . . . . .	2,000,000 00
Royal,* . . . . .	100,000 00
Total, . . . . .	\$7,637,500 00

\* Foreign Companies.

As in the preceding tabulation of Massachusetts Companies, present financial ability for the security of policy-holders only is shown in the case of others which have furnished the proper data, such being deemed sufficient for the purpose of this Report. The thirty-three Companies from other States which have thus responded to the Department Circular, report an aggregate loss of 31.41 per cent., and a surplus of 59.40 per cent. in excess of their liabilities. In all cases when impaired capital is restored to the requisite standard by assessment, or when capital is increased, an official examination will be made, under the direction of this Department, at home offices, in order to verify the result and determine the true condition of every Company permitted to remain in the State.

#### *Companies which have Suspended.*

In consequence of their extraordinary losses, resulting in impairment or insolvency, the following Companies which were represented in Massachusetts at the date of the Chicago fire, have been compelled to suspend business. Certificates of

authority granted to these Companies or their agents, to transact business in this Commonwealth, are therefore necessarily revoked.

Name of Company.	Location.	Name of Company.	Location.
Ætna, . . .	New York.	Lamar Fire, . . .	New York.
Albany City, . .	Albany.	Manhattan, . . .	New York.
American, . . .	Providence.	Market Fire, . . .	New York.
Astor Fire, . . .	New York.	Merchants', . . .	Chicago.
Atlantic Fire, . .	Brooklyn.	Merchants', . . .	Hartford.
Atlantic F. & M.,	Providence.	North American Fire, .	New York.
Buffalo City, . .	Buffalo.	North American Fire, .	Hartford.
Buffalo F. & M., .	Buffalo.	Norwich Fire, . . .	Norwich.
Capital City, . .	Albany.	Pacific, . . . . .	San Francisco.
Charter Oak, . . .	Hartford.	People's, . . . . .	San Francisco.
City Fire, . . .	Hartford.	Providence Washington,	Providence.
Connecticut Fire,	Hartford.	Putnam Fire, . . .	Hartford.
Enterprise, . . .	Philadelphia	Roger Williams, . . .	Providence.
Excelsior, . . .	New York.	Security Fire, . . .	New York.
Fulton, . . . . .	New York.	Washington, . . . .	New York.
Hope, . . . . .	Providence.	Western, . . . . .	Buffalo.
Irving, . . . . .	New York.	Yonkers and New York,	New York.

The Lorillard of New York and the Occidental of San Francisco voluntarily withdrew from the State, and the Lycoming of Pennsylvania retired under a revocation of authority, soon after the Chicago fire.

The following are also specially named as *not authorized* in Massachusetts ; and others in the same catagory will be publicly noted as occasion may require.

New York Plate Glass Insurance Company.

National Life Insurance Company of Chicago.

North-Eastern Mutual Life Association of Vermont.

This Department has recently been forced to take special cognizance of a growing evil in connection with the admission of

new insurance competitors from other States. Companies applying or contemplating application for admission to the State, frequently resort to an illegal practice which of itself might justify their exclusion, viz.: the appointment of agents in various cities and towns with instructions to commence business, even before their application has been filed or their financial condition investigated. Several instances have occurred in which Companies thus operating have proved financially deficient and otherwise unworthy of public confidence; while agents, in accepting risks in their behalf, have rendered themselves liable in severe penalties which may be at any time enforced upon complaint of parties cognizant of the facts. Those who heed the warning will act wisely.

#### COMPANIES AUTHORIZED IN THE STATE.

For the better protection of those desiring insurance, reference may be had to the following list of Companies, which, in addition to Home Companies, are at present authorized to do a fire and marine business in this Commonwealth:—

Ætna, . . . . .	Hartford.
Alemannia, . . . . .	Cleveland, O.
American Fire, . . . . .	Philadelphia.
American Exchange, . . . . .	New York.
Andes, . . . . .	Cincinnati.
Arctic, . . . . .	New York.
Atlantic Mutual, . . . . .	New York.
Brewers and Maltsters, . . . . .	New York.
Citizens', . . . . .	New York.
City Fire, . . . . .	New York.
Columbia Fire, . . . . .	New York.
Commerce, . . . . .	Albany.
Commerce Fire, . . . . .	New York.
Commercial Fire, . . . . .	New York.
Commercial Mutual, . . . . .	New York.
Continental, . . . . .	New York.
Corn Exchange, . . . . .	New York.
Delaware Mutual Safety, . . . . .	Philadelphia.
Equitable Fire and Marine, . . . . .	Providence.
Eastern, . . . . .	Bangor,
Fairfield County Fire, . . . . .	South Norwalk, Ct.
Fame, . . . . .	Philadelphia.
Fireman's Fund, . . . . .	San Francisco.

Fireman's,	.	.	.	.	.	New York.
Franklin Fire,	.	.	.	.	.	Philadelphia.
Germania Fire,	.	.	.	.	.	New York.
Glenn's Falls,	.	.	.	.	.	Glenn's Falls, N. Y.
Great Western,	.	.	.	.	.	New York.
Guardian Fire,	.	.	.	.	.	New York.
Hanover Fire,	.	.	.	.	.	New York.
Hartford Fire,	.	.	.	.	.	Hartford.
Hartford Steam Boiler Inspection,	.	.	.	.	.	Hartford.
Hoffman Fire,	.	.	.	.	.	New York.
Home,	.	.	.	.	.	New York.
Home,	.	.	.	.	.	Columbus, O.
Hope,	.	.	.	.	.	New York.
Insurance Company of North America,	.	.	.	.	.	Philadelphia.
International,	.	.	.	.	.	New York.
Mercantile Fire,	.	.	.	.	.	New York.
Mercantile Mutual,	.	.	.	.	.	New York.
Merchants',	.	.	.	.	.	New York.
Merchants',	.	.	.	.	.	Providence.
Narragansett,	.	.	.	.	.	Providence.
National Fire,	.	.	.	.	.	New York.
National,	.	.	.	.	.	Bangor.
Newport Fire and Marine,	.	.	.	.	.	Providence.
Niagara Fire,	.	.	.	.	.	New York.
Orient,	.	.	.	.	.	New York.
Phœnix Fire,	.	.	.	.	.	Brooklyn.
Phœnix,	.	.	.	.	.	Hartford.
Relief Fire,	.	.	.	.	.	New York.
Republic,	.	.	.	.	.	New York.
Standard Fire,	.	.	.	.	.	New York.
Star,	.	.	.	.	.	New York.
St. Nicholas,	.	.	.	.	.	New York.
Sun,	.	.	.	.	.	Cleveland, O.
Tradesmen's Fire,	.	.	.	.	.	New York.
Union,	.	.	.	.	.	San Francisco.
Union,	.	.	.	.	.	Bangor.
Union Mutual,	.	.	.	.	.	Philadelphia.
Watertown Fire,	.	.	.	.	.	Watertown, N. Y.
Westchester Fire,	.	.	.	.	.	New Rochelle, N. Y.
Commercial Union,	.	.	.	.	.	London, Eng.
Imperial Fire,	.	.	.	.	.	London, Eng.
Liverpool and London and Globe,	.	.	.	.	.	Liverpool, Eng.
North British and Mercantile,	.	.	.	.	.	London and Edinburgh.
Queen,	.	.	.	.	.	Liverpool, Eng.
Royal,	.	.	.	.	.	Liverpool, Eng.



This list will be revised from time to time as changes occur, and citizens enclosing a stamp for postage will be furnished with the information, thus enabling them to escape the imposition of worthless and fraudulent insurance. Such publication becomes necessary because of the large amount of bogus insurance which is being illegally effected within the State in irresponsible Companies, or Companies which have not passed the test of a Massachusetts examination. Any information resulting in the conviction of parties implicated in these fraudulent operations, will be liberally rewarded.

### COÖPERATIVE INSURANCE.

The annexed decision of the Supreme Judicial Court of the Commonwealth, became accessible too late for publication in the Massachusetts Life Report recently issued. As a matter of public interest and importance, especially in the department of life insurance, it may appropriately have place in these pages. The case in which the decision was rendered, was that of the *Commonwealth v. George R. Wetherbee*, an agent of the Connecticut Mutual Benefit Company of New Haven. The Company had twice applied for admission to do business in Massachusetts, but was refused because of its financial inability to meet the requirements of law, and also because of the utter worthlessness of its so-called coöperative scheme.

While soliciting insurance without authority and in defiance of law, Wetherbee was arrested at Worcester in the spring of 1870, and held for trial before the Superior Court, from which, upon conviction, the case went to the Supreme Court on exceptions, the Company claiming to be a purely benevolent institution, and not an Insurance Company. The case was argued before Judge Gray, at the October term of the Court, in the same year, Attorney-General Allen appearing for the Commonwealth. The opinion of the Court, recently filed, is as follows:—

“A contract of insurance is an agreement by which one party, for a consideration (which is usually paid in money, either in one sum, or at different times during the continuance of the risk), promises to make certain payment of money upon the destruction



or injury of something in which the other party has an interest. In fire insurance and marine insurance, the thing insured is property; in life or accident insurance, it is the life or health of a person. In either case, neither the times and amounts of payments by the assured, nor the mode of estimating or securing the payment of the sum to be paid by the insurer, affects the question whether the agreement between them is a contract of insurance. All that is requisite to constitute such a contract is the payment of the consideration by the one, and the promise of the other to pay the amount of the insurance upon the happening of injury to the subject by a contingency contemplated in the contract. The contract made between the Connecticut Mutual Benefit Company and each of its members, by the certificates of membership issued according to its charter, does not differ in any essential particular of form or substance from an ordinary policy of mutual life insurance. The subject insured is the life of the member. The risk insured is death from any cause not excepted in the terms of the contract. The assured pays a sum fixed by the directors, and not exceeding ten dollars, at the inception of the contract, and assessments of two dollars each annually, and of one dollar each upon the death of any member of the division to which he belongs, during the continuance of the risk. In the case of the death of the assured by a peril insured against, the company absolutely promise to pay to his representatives, in sixty days after receiving satisfactory notice and proof of his death, 'as many dollars as there are members in' the same division, the number of which is limited to five thousand. The payment of this sum is subject to no contingency but the insolvency of the corporation. And the means of payment are derived from the assessments collected, upon his death, from other members; from the money received upon issuing other certificates of membership, which the by-laws declare may, after payment of expenses, be 'used to cover losses caused by the delinquencies of members,' and from the guaranty fund of one hundred thousand dollars, established by the corporation under its charter.

"This is not the less a contract of mutual insurance upon the life of the assured, because the amount to be paid by the corporation is not a gross sum, but a sum graduated by the number of members holding similar contracts; nor because a portion of the premiums is to be paid upon the uncertain period of the deaths of such members; nor because, in case of non-payment of assessment of any member, the contract provides no means of enforcing payment thereof, but merely declares the contract to be at an end, and all moneys previously paid by the assured, and all dividends and

credits accrued to him, to be forfeited to the company. The fact offered to be proved by the defendant, that the object of the organization was benevolent and not speculative, has no bearing upon the nature and effect of the business conducted and the contracts made by the corporation.

“The ruling that this association was an insurance company, within the meaning of the statute upon which the defendant was indicted was therefore correct, and his exceptions must be overruled.”

The decision of the Court is in accordance with the ruling of this Department ever since the irresponsible brood of *coöperatives*, so called, first sought to practice their confidence game upon the public. With this and the statute of 1870, (section 5, chapter 349,) such deceptions ought to pass under the ban of perpetual condemnation, as not one of them can bear for a moment the test of financial scrutiny or common prudence.

JULIUS L. CLARKE,  
*Insurance Commissioner.*



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